

COMPANY REGISTRATION NUMBER 04371008

PHOTOLIBRARY GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2011

WEDNESDAY



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A08 29/02/2012 #115
COMPANIES HOUSE

HEXTALL MEAKIN
Chartered Accountants & Statutory Auditor
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

PHOTOLIBRARY GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholder	3
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8
The following pages do not form part of the financial statements	
Detailed profit and loss account	21
Notes to the detailed profit and loss account	23

PHOTOLIBRARY GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2011

The directors present their report and the financial statements of the company for the year ended 30 June 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the distribution and sales of stock photography

On 1 June 2011, the company's parent entity was acquired by Getty Images Pty Ltd, the new parent entity. It is anticipated that during the following 12 month period the operations of the company will be integrated into those of the Getty Images Group and that active operations will cease during 2012. Following the acquisition and due to the integration, the previous Key Performance Indicators are no longer considered to be appropriate. The Directors have continued to monitor performance of the company on a regular basis.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £496,172. The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows

T Moore
G Parker
J N Cape
J A Colligan
J S Lockwood
J J Lapham

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

J A Colligan was appointed as a director on 1 June 2011
J S Lockwood was appointed as a director on 1 June 2011
J J Lapham was appointed as a director on 1 June 2011

T Moore resigned as a director on 1 June 2011
G Parker resigned as a director on 1 June 2011
J N Cape resigned as a director on 1 June 2011.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

PHOTOLIBRARY GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2011

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:


- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Hextall Meakin are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office
101 Bayham Street
London
NW1 0AG

Signed on behalf of the directors



J S Lookwood

Director

Approved by the directors on 22/02/12

Company Registration Number 04371008

PHOTOLIBRARY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF PHOTOLIBRARY GROUP LIMITED

YEAR ENDED 30 JUNE 2011

We have audited the financial statements of Photolibrary Group Limited for the year ended 30 June 2011 on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PHOTOLIBRARY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF PHOTOLIBRARY GROUP LIMITED *(continued)*

YEAR ENDED 30 JUNE 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We report below in respect of the following matter where the Companies Act 2006 requires us to report to you if, in our opinion adequate accounting records have not been kept

During our audit we noted that when customers pay more than invoiced the excess payments are posted to a provision account in the balance sheet rather than to the sales ledger. The total of this provision at the balance sheet date was £169,298. We consider that the failure to record overpayments from customers in the sales ledger constitutes a serious accounting irregularity.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

returns adequate for our audit have not been received from branches not visited by us, or the financial statements are not in agreement with the accounting records and returns, or certain disclosures of directors' remuneration specified by law are not made, or we have not received all the information and explanations we require for our audit



MR T HEXTALL
Senior Statutory Auditor

Dated: 24/2/12

For and on behalf of
HEXTALL MEAKIN
Chartered Accountants & Statutory Auditor
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

PHOTOLIBRARY GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
TURNOVER	2	4,585,640	4,921,271
Cost of sales		<u>2,152,908</u>	<u>2,257,580</u>
GROSS PROFIT		2,432,732	2,663,691
Distribution Costs		109,924	112,722
Administrative expenses		2,685,806	2,339,894
Other operating income	3	<u>(138,825)</u>	<u>–</u>
OPERATING (LOSS)/PROFIT	4	(224,173)	211,075
Other provisions		<u>–</u>	<u>554,881</u>
		(224,173)	765,956
Interest receivable and similar income	7	4,267	61
Amounts written off investments	8	–	(554,881)
Interest payable and similar charges	9	<u>(2,458)</u>	<u>(2,394)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(222,364)	208,742
Tax on (loss)/profit on ordinary activities	10	<u>273,808</u>	<u>116,556</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(496,172)	92,186
Balance brought forward		<u>(344,480)</u>	<u>(436,666)</u>
Balance carried forward		<u>(840,652)</u>	<u>(344,480)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 19 form part of these financial statements.


PHOTOLIBRARY GROUP LIMITED

BALANCE SHEET

30 JUNE 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Intangible assets	11	2,708,774	2,880,488
Tangible assets	12	369,401	454,505
Investments	13	903	903
		<u>3,079,078</u>	<u>3,335,896</u>
CURRENT ASSETS			
Debtors	14	2,588,163	2,654,738
Cash at bank and in hand		301,149	123,234
		<u>2,889,312</u>	<u>2,777,972</u>
CREDITORS: Amounts falling due within one year	15	<u>2,994,346</u>	<u>2,620,338</u>
NET CURRENT (LIABILITIES)/ASSETS		(105,034)	157,634
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,974,044</u>	<u>3,493,530</u>
CREDITORS: Amounts falling due after more than one year	16	15,148	40,394
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	1,932	—
		<u>2,956,964</u>	<u>3,453,136</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	3,797,616	3,797,616
Profit and loss account		(840,652)	(344,480)
SHAREHOLDER'S FUNDS	22	<u>2,956,964</u>	<u>3,453,136</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by


J S LOCKWOOD

The notes on pages 8 to 19 form part of these financial statements

PHOTOLIBRARY GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	221,661	87,072
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	1,809	(2,333)
TAXATION	23	(6,595)	(29,638)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23	(10,737)	(57,569)
ACQUISITIONS AND DISPOSALS	23	—	(903)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		206,138	(3,371)
FINANCING	23	(28,223)	26,336
INCREASE IN CASH	23	<u>177,915</u>	<u>22,965</u>

The notes on pages 8 to 19 form part of these financial statements.

PHOTOLIBRARY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Goodwill

Within intangible fixed assets are two amounts relating to purchased goodwill transferred from subsidiary companies and two values transferred in 2010 from the cost of the initial investment to reflect the ongoing goodwill value to the company

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill purchased	over 10 years,
Transferred from investment	over 20 years
Domain Name	over 5 years

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Improvements	- Over 4 to 8 years
Catalogue & Film Archives	- 20% to 50% on cost
Fixtures & Fittings	- 25% on cost
Equipment	- 25% to 50% on cost

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

1. ACCOUNTING POLICIES (*continued*)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company does not run its own pension scheme but makes contributions to certain employees' personal plans as part of the remuneration package. Contributions are charged to the profit and loss account when paid.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	3,588,367	4,378,781
Overseas	997,273	542,490
	<u>4,585,640</u>	<u>4,921,271</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

3. OTHER OPERATING INCOME

	2011	2010
	£	£
Management charges receivable	<u>138,825</u>	<u>—</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2011	2010
	£	£
Amortisation of intangible assets	171,714	26,182
Depreciation of owned fixed assets	77,568	88,200
Depreciation of assets held under finance lease agreements	18,178	3,825
Loss on disposal of fixed assets	95	—
Auditor's remuneration		
- as auditor	17,000	18,000
- for other services	2,735	—
Operating lease costs		
- Plant and equipment	3,879	3,894
Net loss on foreign currency translation	<u>155,781</u>	<u>130,703</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011	2010
	No	No
Number of library staff	25	30
Number of administrative staff	4	2
Number of management staff	6	4
	<u>35</u>	<u>36</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	1,160,986	1,139,636
Social security costs	121,519	119,520
Other pension costs	9,103	9,048
	<u>1,291,608</u>	<u>1,268,204</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	110,974	111,408
Value of company pension contributions to money purchase schemes	2,510	—
	<u>113,484</u>	<u>111,408</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£	£
Bank interest receivable	32	61
Other similar income receivable	4,235	—
	<u>4,267</u>	<u>61</u>

8. AMOUNTS WRITTEN OFF INVESTMENTS

	2011	2010
	£	£
Amount written off investments	<u>—</u>	<u>554,881</u>

In 2010 the intercompany account balances of £554,881 representing the net assets of two subsidiaries hived up to the parent, were written back in the parent company. The balance of the investment after the transfer of the goodwill, amounting to £554,881, had no further value and was written off.

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest payable on bank borrowing	—	2,041
Finance charges	2,458	353
	<u>2,458</u>	<u>2,394</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 27.50% (2010 - 21%)	-	13
Over/under provision in prior year	-	(973)
	-	(960)
Foreign withholding tax		
Current tax on income for the year	6,582	32,176
Total current tax	6,582	31,216
Deferred tax		
Origination and reversal of timing differences	267,226	85,340
Tax on (loss)/profit on ordinary activities	273,808	116,556

The Directors of the company have reviewed the Company's tax losses at the year end and do not believe there will be sufficient trade to cover the losses. The deferred tax asset brought forward on 1 July 2010 has therefore been written off in full.

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 27.50% (2010 - 21%).

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(222,364)	208,742
(Loss)/profit on ordinary activities by rate of tax	(61,150)	43,836
Expenses not deductible for tax purposes	56,030	4,454
Capital allowances for period in excess of depreciation	(4,231)	(4,423)
Utilisation of tax losses	(1,173)	(43,854)
Unrelieved tax losses	10,524	-
Adjustments to tax charge in respect of previous periods	-	(973)
Eighth item to increase/(decrease) tax liability	6,582	32,176
Total current tax (note 10(a))	6,582	31,216

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

11. INTANGIBLE FIXED ASSETS

	Goodwill	Domain	Total
	£	Name	£
		£	
COST			
At 1 July 2010 and 30 June 2011	<u>3,026,704</u>	<u>937</u>	<u>3,027,641</u>
AMORTISATION			
At 1 July 2010	146,481	672	147,153
Charge for the year	<u>171,449</u>	<u>265</u>	<u>171,714</u>
At 30 June 2011	<u>317,930</u>	<u>937</u>	<u>318,867</u>
NET BOOK VALUE			
At 30 June 2011	<u>2,708,774</u>	<u>—</u>	<u>2,708,774</u>
At 30 June 2010	<u>2,880,223</u>	<u>265</u>	<u>2,880,488</u>

12. TANGIBLE FIXED ASSETS

	Leasehold	Catalogue &	Office	Total
	Improvements	Film Archives	Equipment	£
	£	£	£	
COST				
At 1 July 2010	122,017	452,893	378,563	953,473
Additions	—	1,200	9,687	10,887
Disposals	—	—	(1,397)	(1,397)
At 30 June 2011	<u>122,017</u>	<u>454,093</u>	<u>386,853</u>	<u>962,963</u>
DEPRECIATION				
At 1 July 2010	101,053	100,055	297,860	498,968
Charge for the year	14,603	44,476	36,667	95,746
On disposals	—	—	(1,152)	(1,152)
At 30 June 2011	<u>115,656</u>	<u>144,531</u>	<u>333,375</u>	<u>593,562</u>
NET BOOK VALUE				
At 30 June 2011	<u>6,361</u>	<u>309,562</u>	<u>53,478</u>	<u>369,401</u>
At 30 June 2010	<u>20,964</u>	<u>352,838</u>	<u>80,703</u>	<u>454,505</u>

The opening balances for the fixed assets have been reallocated to agree to the company's fixed asset register. The adjustments made involved grossing up the opening cost and depreciation values by £123,977 to correct the balances transferred in from group companies during 2006 and 2008 and net book value. The opening net book values of the fixed assets remain unchanged.

Finance lease agreements

Included within the net book value of £369,401 is £33,328 (2010 - £51,705) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £18,178 (2010 - £3,825).

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

12. TANGIBLE FIXED ASSETS (*continued*)

13. INVESTMENTS

	Subsidiary £
COST	
At 1 July 2010 and 30 June 2011	<u>903</u>
NET BOOK VALUE	
At 30 June 2011 and 30 June 2010	<u>903</u>

The company owns 100% of the issued share capital of the companies as listed below

Aggregate capital and reserves	2011	2010
Photolibrary Group No 2 Limited	–	–
81A Limited	–	–
The Anthony Blake Photo Library Limited	–	–
Photolibrary Group (registered in France)	24,883	582
Profit and (loss) for the year		
Photolibrary Group No 2 Limited	–	(339,712)
81A Limited	–	(100)
The Anthony Blake Photo Library Limited	–	(215,069)
Photolibrary Group S A (registered in France)	24,300	(321)

Under the provision of section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

14. DEBTORS

	2011	2010
	£	£
Trade debtors	638,210	733,934
Amounts owed by group undertakings	1,820,147	1,473,771
Other debtors	–	35,993
Prepayments and accrued income	129,806	145,746
Deferred taxation (note 18)	–	265,294
	<u>2,588,163</u>	<u>2,654,738</u>

The debtors above include the following amounts falling due after more than one year

	2011	2010
	£	£
Prepayments and accrued income	<u>–</u>	<u>58,330</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

15. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Bank loans	–	2,778
Trade creditors	1,014,512	1,277,860
Amounts owed to group undertakings	1,599,646	1,006,832
Corporation tax	–	13
Other taxation and social security	136,655	110,820
Finance lease agreements	18,179	18,378
Other creditors	181,188	169,364
Accruals and deferred income	44,166	34,293
	<u>2,994,346</u>	<u>2,620,338</u>

16. CREDITORS: Amounts falling due after more than one year

	2011	2010
	£	£
Finance lease agreements	15,148	33,328
Accruals and deferred income	–	7,066
	<u>15,148</u>	<u>40,394</u>

17. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows

	2011	2010
	£	£
Amounts payable within 1 year	18,179	18,378
Amounts payable between 1 and 2 years	15,148	33,328
	<u>33,327</u>	<u>51,706</u>

18. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 14)	–	(265,294)
Included in provisions	1,932	–
	<u>1,932</u>	<u>(265,294)</u>

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	(265,294)	(350,634)
Profit and loss account movement arising during the year	267,226	85,340
Balance carried forward	<u>1,932</u>	<u>(265,294)</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

18. DEFERRED TAXATION (*continued*)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,932	(4,989)
Tax losses available	-	(260,305)
	<u>1,932</u>	<u>(265,294)</u>

The Directors of the company have reviewed the Company's tax losses at the year end and do not believe there will be sufficient trade to cover the losses. The deferred tax asset brought forward on 1 July 2010 has therefore been written off in full.

19. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	122,205	10,788
Within 2 to 5 years	-	126,450
	<u>122,205</u>	<u>137,238</u>

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by FRS 8 paragraph 3(c) and has not therefore made any disclosure of transactions with group companies.

21. SHARE CAPITAL

Authorised share capital:

	2011	2010
	£	£
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
3,797,616 Ordinary shares of £1 each	<u>3,797,616</u>	<u>3,797,616</u>	<u>3,797,616</u>	<u>3,797,616</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011	2010
	£	£
(Loss)/Profit for the financial year	(496,172)	92,186
Opening shareholder's funds	3,453,136	3,360,950
Closing shareholder's funds	<u>2,956,964</u>	<u>3,453,136</u>

23. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating (loss)/profit	(224,173)	211,075
Amortisation	171,714	26,182
Depreciation	95,746	92,025
Loss on disposal of fixed assets	95	—
Increase in debtors	(198,719)	(1,568,360)
Increase in creditors	376,998	1,326,150
Net cash inflow from operating activities	<u>221,661</u>	<u>87,072</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010
	£	£
Interest received	4,267	61
Interest paid	—	(2,041)
Interest element of finance leases	(2,458)	(353)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>1,809</u>	<u>(2,333)</u>

TAXATION

	2011	2010
	£	£
Taxation	<u>(6,595)</u>	<u>(29,638)</u>

CAPITAL EXPENDITURE

	2011	2010
	£	£
Payments to acquire intangible fixed assets	—	5,000
Payments to acquire tangible fixed assets	(10,887)	(62,569)
Receipts from sale of fixed assets	150	—
Net cash outflow from capital expenditure	<u>(10,737)</u>	<u>(57,569)</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

23. NOTES TO THE CASH FLOW STATEMENT (*continued*)

ACQUISITIONS AND DISPOSALS

	2011	2010
	£	£
Acquisition of shares in group undertakings	—	(903)
Net cash outflow from acquisitions and disposals	—	(903)

FINANCING

	2011	2010
	£	£
Repayment of bank loans	(2,778)	(16,667)
Capital element of finance leases	(18,379)	50,711
Net outflow from long-term accruals	(7,066)	(7,708)
Net cash (outflow)/inflow from financing	(28,223)	26,336

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011	2010
	£	£
Increase in cash in the period	177,915	22,965
Net cash outflow from bank loans	2,778	16,667
Cash outflow in respect of finance leases	18,379	(50,711)
Net outflow from long-term accruals	7,066	7,708
	<u>206,138</u>	<u>(3,371)</u>
Change in net funds	206,138	(3,371)
Net funds at 1 July 2010	61,684	65,055
Net funds at 30 June 2011	<u>267,822</u>	<u>61,684</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash flows	At
	1 Jul 2010		30 Jun
	£	£	2011
			£
Net cash			
Cash in hand and at bank	123,234	177,915	301,149
Debt			
Debt due within 1 year	(2,778)	2,778	—
Debt due after 1 year	(7,066)	7,066	—
Finance lease agreements	(51,706)	18,379	(33,327)
	<u>(61,550)</u>	<u>28,223</u>	<u>(33,327)</u>
Net funds	<u>61,684</u>	<u>206,138</u>	<u>267,822</u>

PHOTOLIBRARY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

24. ULTIMATE PARENT COMPANY

The company's immediate parent company is Photolibrary Pty Limited, a company registered in Australia. The ultimate parent company is Abe Investment Holdings Inc, a private company registered in the USA.